



Student Fails to Return From Leave of Absence

If student fails to return from an approved leave of absence, FFEL funds must be returned to lender within 30 days of the earlier of:

- ♦ expiration of the approved leave or
- ♦ date student notifies school of intention not to return after expiration of leave.

14

- If a student fails to return from an unapproved leave of absence, funds must be returned to the lender within 60 days of the last recorded date of attendance.

2. Returning Direct Loan Funds



Returning Direct Loan Funds

If less than \$100,000 owed, school pays by check to:

Loan Origination Center
Attn: Excess Cash
P.O. Box 2011
Montgomery, AL 36102-2011

If \$100,000 or more owed, school uses FEDWIRE and returns funds to:

Compass Bank Account No. 70726726
ABA # 0620 01186

15

F. REFUNDS AND REPAYMENTS

Notes



Refunds and Repayments

Schools have certain responsibilities if a student with Title IV funds:

- ♦ officially withdraws,
- ♦ drops out,
- ♦ is expelled,
- ♦ takes an unapproved leave of absence, or
- ♦ fails to return from an approved leave of absence.

16



School Options


Schools currently have two options for calculating refunds:

- ♦ “new” method where a school must provide for *return of unearned Title IV aid*, or
- ♦ “old” method where a school must provide for a *refund of unearned institutional charges* assessed to students who receive Title IV aid.

17

1. The “New” Method: Return of Unearned Title IV Aid

a. Background




“New” Method: Return of Unearned Title IV Aid

Higher Education Amendments of 1998 established the return of unearned Title IV aid provisions. This change is effective:

- ♦ October 7, 2000 or
- ♦ earlier, if a school chooses to adopt the new provisions.

18



Early Implementation of “New” Method

To adopt early implementation, a school must:

- ♦ establish a specific implementation date,
- ♦ implement all of the provisions, and
- ♦ apply the provisions to all students.

Exception: A school may implement the “new” method only for students who enter after its implementation date and have been officially advised of the new policy.

19

- Some of the provisions of the return of Title IV aid are subject to negotiated rulemaking.

Notes



Features of “New” Return of Funds Method

- ♦ Deals with only Title IV aid.
- ♦ Applies to all Title IV recipients except for FWS recipients.
- ♦ No need to compare method with other policies.
- ♦ It does not include the issue of unpaid charges.
- ♦ No impact on nonfederal aid.
- ♦ Easier to understand and calculate.

20

b. Earned vs. Unearned Title IV Aid



Earned vs. Unearned Title IV Aid

Example:

A student completes 50% of the payment period or period of enrollment.

- ♦ 50% of the Title IV aid is “earned” for that period.
- ♦ 50% of the Title IV aid is “unearned” for that period and must be returned.

21

Treatment of Title IV Funds When a Student Withdraws

Student's Name

Social Security Number

Step 1: Basic Information

	Disbursed	Could Have Been Disbursed		Disbursed	Could Have Been Disbursed
Unsubsidized Stafford Loan	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>	Federal PLUS	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>
Subsidized Stafford Loan	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>	Direct PLUS	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>
Unsubsidized Direct Loan	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>	Pell Grant	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>
Subsidized Direct Loan	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>	FSEOG	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>
Perkins Loan	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>	Other Title IV Programs (Do not include FWS)	<input style="width: 80px;" type="text"/>	<input style="width: 80px;" type="text"/>

A. Title IV aid disbursed (NOT aid that could have been disbursed) for the payment or enrollment period

A.

B. Total Title IV aid disbursed, or that could have been disbursed, for the payment or enrollment period

B.

C. Percentage of payment period or enrollment period completed

- ☐ If school is not required to take attendance and student withdrew without notification, enter 50% in line C (or the school may choose to use a documented attendance date that is past the 50% point)

Withdrawal date / / Payment or enrollment period start date / / (start date) and end date / / (end date)

Calendar days completed in the payment or enrollment period divided by the total calendar days in the payment or enrollment period ,

OR

Clock hours completed in the payment or enrollment period divided by the total clock hours in the payment or enrollment period ,

C.

D. Institutional charges for the payment or enrollment period

D.

E. Percentage of Title IV aid earned (equal to line C up to 60%, otherwise 100%)

E.

F. Percentage of Title IV aid unearned (100% – line E)

F.

Step 2: Amount of Title IV Aid Earned by Student

G. Percentage of Title IV aid earned (line E) multiplied by Title IV aid disbursed or that could have been disbursed for the payment or enrollment period (line B)

(line E) x (line B)

G.

Step 3: Amount of Title IV Aid Unearned by Student

H. Percentage of Title IV aid unearned (line F) multiplied by Title IV aid disbursed or that could have been disbursed for the payment or enrollment period (line B)

(line F) x (line B)

H.

Treatment of Title IV Funds When a Student Withdraws

page 2 of 2

Student's Name

Step 4: Total Title IV Aid to be Disbursed

- I. If the amount of Title IV aid earned (line G) is greater than the amount of Title IV aid disbursed for the payment or enrollment period (line A), subtract the Title IV aid disbursed for the payment or enrollment period (line A) from the amount of Title IV aid earned (line G). This is the amount of disbursement due.

	–			I.
(line G)		(line A)		(total due)

Step 5: Amount of Unearned Title IV Aid to be Returned



If a disbursement is due, **DO NOT** complete steps 5-9

- J. If the amount of Title IV aid earned (line G) is less than the amount of Title IV aid disbursed for the payment or enrollment period (line A), subtract the amount of Title IV aid earned (line G) from Title IV aid disbursed for the payment or enrollment period (line A). This is the amount of Title IV aid that must be returned.

	–			J.
(line A)		(line G)		

Step 6: Amount of Unearned Title IV Aid Due From the SCHOOL

- K. Institutional charges for the payment or enrollment period (line D) are multiplied by the percentage of Title IV aid unearned (line F).

	x			K.
(line D)		(line F)		

- L. Compare the amount of Title IV aid unearned (line H) to line K and enter the lesser amount.

L.

Step 7: Funds to be Returned by the SCHOOL

The school must return the unearned aid for which the school is responsible (line L) by repaying funds to the following sources, in the following order, up to the total received from each source until the amount in line L is reached.

	Amount for School to Return	Amount Remaining for the Program		Amount for School to Return	Amount Remaining for the Program
1. Unsubsidized Stafford Loan			6. Federal PLUS		
2. Subsidized Stafford Loan			7. Direct PLUS		
3. Unsubsidized Direct Loan			8. Pell Grant		
4. Subsidized Direct Loan			9. FSEOG		
5. Perkins Loan			10. Other Title IV Programs		

Step 8: Amount of Unearned Title IV Aid Due From the STUDENT

- M. The amount of Title IV aid unearned to be returned (line J) minus the amount of Title IV aid due from the school (line L).

	–			M.
(line J)		(line L)		

Step 9: Funds to be Returned by the STUDENT

The student (or parent for a PLUS Loan) must return unearned aid for which the student (or parent) is responsible (line M) in the following order:

	Amount for Student to Return	Amount Remaining for the Program		Initial Amount to Return	Amount for Student to Return	Amount Remaining for the Program
1. Unsubsidized Stafford Loan			8. Pell Grant		x 50% = 	
2. Subsidized Stafford Loan			9. FSEOG		x 50% = 	
3. Unsubsidized Direct Loan			10. Other Title IV Programs			
4. Subsidized Direct Loan						
5. Perkins Loan						
6. Federal PLUS Loan						
7. Direct PLUS Loan						

Remember—Loan amounts are returned according to the terms of the loan.

c. Process for Returning Unearned Title IV Aid

Notes



Step 1: Basic Information

- ♦ Question A: amount of Title IV aid by program that was disbursed for the payment or enrollment period.
- ♦ Question B: total amount of Title IV aid that was disbursed *plus* any Title IV aid that could have been disbursed for the payment or enrollment period.

22



**Step 1: Basic Information
(cont'd)**

Question C asks you to calculate the percentage of the payment or enrollment period completed.

- ♦ Calculate how many calendar days or clock hours were completed.
- ♦ Divide days or hours completed by the total number of calendar days or clock hours in the payment or enrollment period.
- ♦ If result is greater than 60%, use 100%.

23



Determining Withdrawal Date

- ♦ For schools required to take attendance, the school uses the attendance record.
- ♦ Otherwise, school uses one of the following:
 - ▲ date student began withdrawal process,
 - ▲ date student provided official notification of intent to withdraw, or
 - ▲ the midpoint of the payment period (or later if documented by the school) if student did not notify school or begin withdrawal process.

24



Leaves of Absence

School can grant a student a leave of absence of up to 180 days in any 12-month period if:

- ♦ school has a formal policy about leaves of absence,
- ♦ student follows school guidelines for requesting a leave, and
- ♦ school grants the student's request according to the school's policy.

25



Completing Step 1: Basic Information

- ♦ Question D asks for the institutional charges for the payment or enrollment period.
- ♦ Question E asks for the percentage of Title IV aid earned.
 - ▲ Same percentage as the percentage of payment or enrollment period completed (Question C calculation).
- ♦ Question F is the percentage of Title IV aid unearned.
 - ▲ Equals 100% minus the percentage of Title IV aid earned (Question E calculation).

26

Steps 2 and 3: Calculate Earned and Unearned Title IV Aid

Step 2: Calculate the amount of Title IV aid earned by the student:

- ▲ Multiply the total amount of aid that could have been disbursed during the payment or enrollment period by the percentage earned.

Step 3: Calculate the amount of Title IV aid unearned by the student:

- ▲ Multiply the total amount of Title IV aid that was disbursed or could have been disbursed by the percentage unearned.

27



Step 4: Determine Total Title IV Aid to be Disbursed

Subtract the amount of Title IV aid disbursed during the payment or enrollment period from the amount of Title IV aid earned by the student.

- ♦ A positive result indicates a disbursement is due.
- ♦ A negative result indicates that unearned Title IV funds need to be returned.

If a disbursement is due, do not complete Steps 5 through 9.

28



Step 5: Determine Unearned Title IV Aid to be Returned

If no disbursement is due (based on results of Step 4), calculate the amount of Title IV aid to be returned by subtracting the amount of earned Title IV aid from the total amount of aid disbursed to the student.

29